

**CITY RICHARDSON  
INTERDEPARTMENTAL POLICY AND PROCEDURES**

**PETTY CASH**

**POLICY**

The Petty Cash Funds are established to provide reimbursement to City employees for small cash expenditures.

**PROCEDURE**

**I. BASIC POLICIES**

- Petty cash funds are established for making purchases of goods (materials and supplies), up to \$100 per transaction.
- Change funds are reserves kept in cash bags, drawers, and registers to make change for customers making payments to the City.
- Petty cash and change funds are used for different purposes and are to be treated as completely separate funds. The funds are not to be combined either physically or on the accounting records and must be maintained in separate general ledger (balance sheet) accounts.
- City employees should avoid paying sales tax on supplies and materials purchases. The petty cash custodian will have copies of the sales tax exemption letter to provide to employees prior to making purchases.
- Petty cash purchases cannot exceed \$100 per occurrence.
- The Director of Finance or Assistant Director of Finance must approve petty cash requests over \$100.
- Personal funds shall not be commingled with petty cash/change funds.
- The splitting of petty cash receipts is prohibited; maximum single disbursement should not exceed \$100.
- Petty cash/change fund cash shall be kept in a locking metal box or locked drawer. Anytime the box is not under a designated person's custody, it should be locked and placed in a secured desk, cabinet, or safe.

## **II. RESPONSIBILITY/AUTHORITY**

### **A. Departments**

1. Department heads shall appoint a petty cash/change fund custodian.
  - a) The petty cash custodians shall be responsible for:
    - Handling a petty cash fund;
    - Having on hand at all times cash and signed Petty Cash Vouchers equal to the original balance of the fund;
    - Safekeeping of all monies;
    - Reconciling the petty cash fund weekly;
    - Knowing this policy and operating the petty cash fund in accordance with this policy.
  - b) Change fund custodians shall be responsible for:
    - Making change as necessary during the day;
    - Counting and verifying the change fund balance at the end of each shift;
    - Knowing this policy and operating the change fund in accordance with this policy.
2. The dollar amount in the change fund must always equal the authorized amount of the fund.
3. The petty cash custodian shall have the authority and the responsibility to deny any reimbursement request that is not in accordance with this policy.
4. The petty cash custodian's supervisor shall review the weekly reconciliation of the petty cash fund and periodically conduct a surprise audit of the fund.
5. Departments approved for establishment of a petty cash/change fund shall provide a cash box with a key lock for safekeeping of the fund. All petty cash/change funds must be kept in a safe, closet, or locked drawer in the evenings and weekends.

### **B. Finance Department**

1. The Assistant Director of Finance shall approve or deny all petty cash fund requests and review all instances of non-compliance.
2. The Accounting Division shall establish petty cash general ledger account numbers, request vendor numbers if needed, maintain files of all correspondence relating to petty cash, and distribute vendor checks to petty cash custodians.

3. The Accounting Division shall review cash requests and reimbursement requests for completeness and process documents for payment through the City's finance system.
4. The Finance Department shall periodically conduct surprise audits of all petty cash funds and evaluate whether the funds are being operated in accordance with the policies and procedures established by this policy.
5. The Assistant Director of Finance shall report any instances of non-compliance with the City's policy to appropriate department heads and the Director of Finance.

### **III. ESTABLISHMENT OF PETTY CASH/CHANGE FUND**

- A. Department shall send a request to the Assistant Director of Finance to establish a petty cash/change fund.
- B. The following information shall be identified:
  1. What the fund is for;
  2. The requested amount;
  3. How long before the fund should be replenished if the request is for petty cash;
  4. The name of the fund custodian;
  5. The name of the alternate custodian (in case of absence by primary custodian);
  6. Where the fund is stored while it is in use;
  7. Where the fund is stored when not in use.

### **IV. PETTY CASH PROCEDURES**

- A. Reimbursement
  1. Purchase the merchandise and obtain a sales receipt.
  2. Complete the petty cash receipt form in ink providing the following information:
    - Amount of reimbursement;
    - Date of purchase;
    - Description of item(s) purchased;
    - Account code to be charged;
    - Signature of department head or other authorized person indicating approval.
  3. Staple sales receipt to petty cash receipt form and return to petty cash custodian for reimbursement.

B. Advance

1. The petty cash receipt should be filled out indicating "Cash Advance" and the amount given to the employee. The advance should include the signature of the department head or authorized person indicating approval.
2. After the purchase is made, the employee will return the change and sales receipt to the petty cash custodian. The custodian will mark through the cash advance amount and the amount on the receipt will be marked to show the actual amount of the item.
3. Under no circumstances will an advance be given to an employee unless the proper documentation has been made.
4. When cash advances are requested from the Accounting Division and exceed the \$100 limit, the Director of Finance or Assistant Director of Finance must approve the transaction.

C. Custodian

1. It is the responsibility of the custodian to ensure that all petty cash receipt forms are properly completed and signed. In addition, the custodian must ensure that the maximum limit for petty cash purchases has not been violated before making any reimbursements from the fund.
2. Each petty cash fund shall be reconciled weekly using the reconciliation form. The latest prepared reconciliation report and calculator tape should always be placed in the petty cash box as proof of the reconciliation effort. This tape and past weekly tapes will be inspected when an audit occurs.
3. Daily cash receipts or any other funds shall never be commingled with petty cash.
4. Personal checks shall not be cashed with petty cash.
5. Requests for reimbursement should be submitted to Accounting as needed using the Request for Reimbursement Form. Petty cash must be in balance when requesting reimbursement.

**V. PERSONAL CHECK CASHING**

- A. Customer Service cashiers are the only petty cash/change custodians that may cash City employee personal checks.
- B. Checks may not be cashed in excess of \$50.

Page Five  
Interdepartmental Policy & Procedure  
Petty Cash

- C. If an employee has had two non-sufficient fund occurrences, no more checks will be cashed for that individual.

NOTE: An ATM machine is available in the City Hall Employee Break Room for convenience.

Original Signed By Bill Keffler

12-11-01

---

Bill Keffler  
City Manager

---

Date

Attachments:

Petty Cash/Change fund reconciliation form (Form available on the City's Intranet at [www.cor.gov](http://www.cor.gov))  
Example of a memo establishing a petty cash fund  
Sales Tax Exemption letter (Form available on Purchasing web page on Intranet at [www.cor.gov](http://www.cor.gov))



## MEMO

To: Assistant Director of Finance

From: Department Head

Date: Today

Re: Establishing a Petty Cash Fund and Custodian

The DEPARTMENT would like to establish a Petty Cash fund in the amount of \$XXX in order to reimburse employees for material and supply purchases. The fund should be replenished on a semi-monthly basis. The fund custodian will be Jane Doe and the alternate custodian is John Smith.

The fund will be stored in Jane Doe's or John Smith's desk during regular working hours. Each employee has a locked drawer in their desk where the fund will be kept when they are away from their desks or at lunch. At night, the fund will be stored in the supply closet, which is always kept locked and can only be opened with a key controlled by Jane Doe.

\_\_\_\_\_  
Signature-Department Head

\_\_\_\_\_  
Signature-Jane Doe (Custodian)

\_\_\_\_\_  
Signature-John Smith (Alternate Custodian)